

IN THE MATTER OF THE)	
APPLICATION OF)	
)	
First Magnus Financial Corporation,)	
dba Charter Funding)	DECISION AND ORDER
)	REGARDING APPLICATION OF
For Approval to Engage in the Business)	FIRST MAGNUS FINANCIAL
of a Non-Depository Financial Services)	CORPORATION, DBA
Loan Company and Approval to Open)	CHARTER FUNDING
Eight Branches, Pursuant to Chapter 412,)	
Hawaii Revised Statutes)	
)	

DIVISION OF FINANCIAL INSTITUTIONS
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
STATE OF HAWAII
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DECISION AND ORDER REGARDING
APPLICATION OF
FIRST MAGNUS FINANCIAL CORPORATION,
DBA CHARTER FUNDING

To: Ms. Deanna Nealon
Corporate Licensing Manager
First Magnus Financial Corporation
603 North Wilmot Road
Tucson, Arizona 85711

Pursuant to the authority granted to the Commissioner of Financial Institutions (the "Commissioner"), Division of Financial Institutions, Department of Commerce and Consumer Affairs, State of Hawaii, in Chapter 412, Hawaii Revised Statutes ("HRS"), and all applicable Hawaii Administrative Rules ("HAR"), the following findings of fact and conclusions of law are hereby entered:

FINDINGS OF FACT

1. The Applicant in this matter is First Magnus Financial Corporation, dba Charter Funding ("First Magnus"). First Magnus was incorporated in Arizona on July 16, 1996.
2. The corporate office of First Magnus is located at 603 North Wilmot Road, Tucson, Arizona 85711. Its principal office in Hawaii is located at 201 Merchant Street, Suite 1901, Honolulu, Hawaii 96813.
3. First Magnus has been registered as a foreign corporation authorized to do business in the State of Hawaii since October 2, 1998 and has registered the trade name Charter Funding with the Business Registration Division, Department of Commerce and Consumers Affairs, State of Hawaii.
4. Since November 9, 1998, First Magnus has been licensed as a mortgage broker by the Professional and Vocational Licensing Division, Department of Commerce and Consumer Affairs and does business as both First Magnus and Charter Funding.
5. First Magnus submitted an application dated January 26, 2004, and additional supporting information dated March 4, 2004, October 14, 2004, November 9, 2004, December 2, 2004, December 15, 2004, January 5, 2005, January 7, 2005, February 3, 2005, February 8, 2005, February 28, 2005, and March 1, 2005 (collectively referred to as the "Application"), for a license to engage in the business of a non-depository financial services loan company in accordance with HRS Section 412:3-301.
6. Pursuant to HRS Section 412:3-503, First Magnus also requests approval to establish eight branch offices upon the approval of the Application for a non-depository financial services loan company license. First Magnus' proposed Hawaii branches will be located at 201 Merchant Street, Suite 1950, Honolulu, Hawaii 96813; 4211 Waialae Avenue, Suite 107, Honolulu, Hawaii 96816; 98-211 Pali Momi Street, Suite 103, Aiea, Hawaii 96701; 95-390 Kuahelani Avenue, Suite 2A, Mililani, Hawaii 96789; 75-170 Hualalai Road, Suite B-105, Kailua-Kona, Hawaii 96740; 65-1227A Opelo Road, Suite 4, Kamuela, Hawaii 96743; 33 Lono Avenue, Suite 310, Kahului, Hawaii 96732; and 3016 Umi Street, Suite 208, Lihue, Hawaii 96766.
7. The officers and the directors of First Magnus are Chairman of the Board and Director Thomas Warren Sullivan, Sr.; President, Chief Executive Officer, and Director Gurpreet Singh Jaggi; Chief Operating Officer Karl Frederic Wentz Young; Divisional Vice President Clinton William Gaylord; and Vice President, Secretary, Treasurer, and Director Thomas Warren Sullivan, Jr.
8. First Magnus is an established mortgage banker that is principally engaged in the origination and sale of residential mortgage loans, and operates 190 retail and wholesale offices in 24 states, including Hawaii. First Magnus has

policies and procedures in place to comply with all applicable federal and state consumer laws.

9. The officers and directors of First Magnus are experienced mortgage bankers and have established a successful operating record in managing First Magnus.

10. First Magnus meets the capital requirements of HRS Section 412:3-306.

11. A notice of the Application for a non-depository financial services loan company license was published in The Honolulu Advertiser on January 25, 2005. No comments on the Application, requests for an informational and comment proceeding on the Application, or requests for public review of the Application were filed with the Commissioner during the 15-day comment period.

CONCLUSIONS OF LAW

Upon review and consideration of the Application, and its supporting and incorporating documents, it is concluded that:

1. Pursuant to HRS Chapter 412, Code of Financial Institutions, the Commissioner has jurisdiction over this Application.

2. The Application submitted to the Commissioner is in a form prescribed by the Commissioner and includes, together with supporting and incorporating documents, information required by the Commissioner to make the findings of fact and the conclusions of law set forth herein. Portions of the Application have been deemed confidential by the Commissioner as it contains information that may be withheld from disclosure under HRS Chapter 92F.

3. Sufficient information has been provided to enable the Commissioner to find the necessary facts and reach the required conclusions needed before issuing a decision on this Application.

4. Upon consideration and review of the Application and its supporting documents, it is concluded that the qualifications, character, financial responsibility, experience, and general fitness of the proposed directors and executive officers of the nondepository financial services loan company are such as will warrant public confidence. It is also concluded that the business of the nondepository financial services loan company will be honestly and efficiently conducted and will be in compliance with the provisions of HRS Chapter 412 and all other applicable laws, rules, and orders.

5. Upon consideration and review of the Application and its supporting documents, it is concluded that sufficient facts exist showing the necessity or justification for the proposed branch offices and that there is a reasonable assurance of

sufficient volume of business so that opening and maintaining the proposed business locations will not jeopardize the solvency of First Magnus.

6. Any conclusion of law that is deemed to be a finding of fact shall be construed to be a finding of fact.

ORDER

NOW, THEREFORE, GOOD CAUSE APPEARING, THE FOLLOWING DECISION AND ORDER IS HEREBY ENTERED:

Pursuant to HRS Sections 412:3-301 and 412:3-304, the Application of First Magnus Financial Corporation, dba Charter Funding, for a license to engage in the business of a non-depository financial services loan company in accordance with the provisions of HRS Chapter 412, Article 9 is hereby approved. Pursuant to HRS Section 412:3-503, the request by First Magnus Financial Corporation, dba Charter Funding, to open eight branch offices is approved. These approvals are subject to the following conditions:

1. The non-depository financial services loan company license will be issued and become effective upon:

a) Payment of \$4,000 by First Magnus Financial Corporation, dba Charter Funding, for the issuance of the eight branch licenses in accordance with HAR Section 16-25-10(4).

b) Written notice to the Commissioner from First Magnus Financial Corporation, dba Charter Funding, that it continues to meet the capital requirements in HRS Section 412:3-306.

c) Written notice to the Commissioner from First Magnus Financial Corporation, dba Charter Funding, that it will comply with the requirements and the limitations imposed on a non-depository financial services loan company as set forth in HRS Chapter 412, including but not limited to Article 9.

2. When operating as Charter Funding, First Magnus Financial Corporation, dba Charter Funding, will clearly identify to the public that First Magnus Financial Corporation, dba Charter Funding, is doing business as Charter Funding, including, but not limited to its marketing, advertising, signage, letterhead, business cards, and any other display of the name Charter Funding.

3. As long as First Magnus Financial Corporation, dba Charter Funding, continues to use the name Charter Funding, First Magnus Financial Corporation, dba Charter Funding, will maintain its registration of the trade name Charter Funding with the Business Registration Division, Department of Commerce and Consumer Affairs.

4. Within 30 days of the issuance of the non-depository financial services loan company licenses, First Magnus Financial Corporation, dba Charter Funding, shall provide the name and the contact information of the individual responsible for addressing all inquiries regarding the conduct of the company.

This Decision and Order shall be voidable in the sole discretion of the Commissioner if material conditions set forth in this Decision and Order are not fulfilled, if material representations made in support of the Application are not complied with or should be determined to be untrue, or if material facts have been omitted from the Application. This Order does not waive or limit any other remedy available to the Commissioner for violation of law.

DATED AND ENTERED: April 5, 2005, in HONOLULU, HAWAII.

/s/ D. B. Griffin III

D. B. GRIFFIN III

COMMISSIONER OF FINANCIAL INSTITUTIONS

DIVISION OF FINANCIAL INSTITUTIONS

DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS

STATE OF HAWAII

[IN THE MATTER OF THE APPLICATION OF FIRST MAGNUS FINANCIAL CORPORATION, DBA CHARTER FUNDING, FOR APPROVAL TO ENGAGE IN THE BUSINESS OF A NON-DEPOSITORY FINANCIAL SERVICES LOAN COMPANY AND APPROVAL TO OPEN EIGHT BRANCHES, PURSUANT TO CHAPTER 412, HAWAII REVISED STATUTES.]